



COMMUNITY DEVELOPMENT DEPARTMENT

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PLANNING COMMISSION MEETING MINUTES

REGULAR MEETING

JUNE 28, 2005

PRESENT: Acevedo, Benich, Koepp-Baker, Lyle, Mueller

ABSENT: Escobar

LATE: None

STAFF: Community Development Director (CDD) Molloy Previsich, Planning Manager (PM) Rowe, Business Assistance and Housing Services Manager (BAHSM) Maskell, Senior Engineer (SE) Creer, and Administrative Secretary (AS) Smith

Chair Lyle called the meeting to order at 7:03 p.m. by leading the flag salute.

DECLARATION OF POSTING OF AGENDA

AS Smith certified that the meeting's agenda was duly noticed and posted in accordance with Government Code Section 54954.2.

OPPORTUNITY FOR PUBLIC COMMENT

Chair Lyle opened the opportunity for public comment.

Determining that none were present in the audience to address matters not appearing on the agenda for the evening, Chair Lyle closed the time for public comment.

MINUTES

MAY 24, 2005

COMMISSIONERS MUELLER/KOEPP-BAKER MOTIONED TO APPROVE THE MAY 24, 2005 MINUTES, WITH THE FOLLOWING MODIFICATIONS:

Page 4, paragraph 4 and motion summary: Change 18 to 15;

Page 6, paragraph 5: Water District pumping plan plant, workers in;

Page 8, line 4:

Page 14, motion summary: ~~Page 9 XI A:...building permits....; Mr. Hechtman said there is not mention of geology issues connected with the property and geotechnical engineering reports are not inexpensive; the owner plans on taking the area and scraping base rock then putting a modular building on the site;~~

Page 15, last sentence: Chair Weston ~~reclused himself~~ stepped down at; and

Page 16, line 7: ~~The Commissioners thrashed~~ discussed the following items:

THE MOTION CARRIED BY THE FOLLOWING VOTE: AYES: ACEVEDO, BENICH, LYLE, KOEPP-BAKER, MUELLER; NOES: NONE; ABSTAIN: NONE; ABSENT: ESCOBAR.

NEW BUSINESS:

**1) ZA-04-21/
SD-04-17/
DA-04-09: E.
DUNNE-DELCO**

A request for approval of a Zoning Amendment to establish a precise development plan for the construction of 78 single family homes, and a Subdivision and Development Agreement for the first 36 units. The project is located at 420 and 530 E. Dunne Ave., fronting the southwest corner of E. Dunne Ave. and San Benancio Way.

PM Rowe presented the staff report, beginning with a brief description of the requests and the project location. He indicated that the initial phases will be done on the eastern portion of the project, off the existing cap street seaming Benancio Way, and ultimately the interior streets will connect through to Cory Drive, which will provide for access eventually through San Pedro Avenue.

PM Rowe continued by reviewing the following staff recommendations for the amendment of the proposed RPD:

- Internal roads to be 40 feet curb-to-curb, with a 52 ft. right-of-way, because there is the potential for a limited amount of through traffic movement in the future;
- Eliminate the unusable open space area in the northwest corner of the site by modifying the site plan so that 1) Lots 51 and 64 will be shifted over so that those lots are connected more directly to create more of a pie-shape parcel of the two lots; 2) Move the open space area over to where Lot 73 is currently located; and 3) Eliminate the one pathway connection that leads out of the development, thus creating a more generous and more attractive gateway statement into the project, as well as preventing a neighborhood security concern and somewhat of a nuisance problem area for residents; and
- Applicant shall return to staff a phasing plan which would clearly define the individual phases, with each phase containing its proportional share of BMR and Moderate rate units, and specification of the on-site and off-site improvements to be completed per phase.

PM Rowe requested Commission approval of Resolution No. 05-31 for the zoning amendment of the RPD, with the modification of the street widths and the reconfigurations described.

In his review of the proposed tentative map, PM Rowe advised that in comparing the open space areas with the original Measure P and Measure C applications, the amount of area shown as common open space area is actually reduced by approximately 15,000 sq. ft. as a result of having to take the single-attached units and convert them into modified setback units with 3 ft. reduced property lines. The reduction in property lines resulted in a 6 ft. separation in the units, where they had previously been abutting one another. PM Rowe noted that in terms of the number of units, the amount of building coverage has not changed, and even though it has affected the amount of common open space area by approximately 15,000 sq. ft., it has not affected the bottom-line score of the project. PM Rowe stated staff's recommendation that the plan be modified to offer that reduction in the common open space areas, in incorporation with that area being modified setbacks.

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PM Rowe then walked the Commissioners through the corrections/additions of Zoning Amendment Resolution No. 05-31, the Standard Conditions of Approval of the Subdivision Resolution No. 05-32, and the Development Agreement under Resolution No. 05-33.

PM Rowe recommended Commission discussion of item (ix) under Paragraph (p) on Page 12 of the Development Agreement, for the installation of the frontage improvement along the northeast corner of Dunne Avenue (Busk property), as those are commitments made part of the application, and the project did receive points for that based on the full 78-unit project. He advised the Commission to consider incorporating this commitment as part of the subsequent phase since only about 40% of the project is allocated to-date; however, leave in item (iv) under Paragraph (p). PM Rowe further stated that this project has a commitment to the street dedication installation of the extension of Walnut Grove Drive from the Home Depot access to San Pedro Avenue, which is a significant commitment as part of the initial phase, and recommended Commission discussion on this issue as well.

In reference to Exhibit "B" of the Development Agreement, PM Rowe reminded the Commissioners that at the May 24, 2005 meeting there was discussion about the deadline of obtaining building permits, which currently is September 30, 2005, which is 9 months from the deadline to the physical commencement, a fairly long interval. He stated that there was discussion about that date, but no action was taken by the Commission to shorten up the time interval between obtaining permits and the commencement of construction. As an alternative, PM Rowe provided one approach the Commission could take of initially keeping the first 8 units at September 30th, and through subsequent phases could tighten up the schedule by six months or so, because there is less to do once you're underway in terms of physical improvements that are required to reach that commencement threshold. He stated that staff felt there needed to be a consensus by the Commissioners before shortening those intervals, and requested the Commission to also hold discussion regarding this issue.

PM Rowe requested the Commission's adoption of staff's recommendation of the three Resolutions approving the RPD Amendment establishing a precise development plan, the subdivision map for the first 36 lots, and the development agreement corresponding to the Measure P and Measure C projects allocated to-date, with the noted revisions.

Commissioner Acevedo expressed concern with the grading plan, as initially he thought maybe the applicants were going to put in some furniture, equipment, or toys. However, when he reviewed the grading plan, it showed there are existing trees on the site that they are saving and felt assured that the applicant must have received one Measure P point for those trees. Commissioner Acevedo questioned what staff is proposing they do with those trees; whether those trees were going to remain or be removed (which would cause the loss of the Measure P point), or whether work will be done around those trees?

PM Rowe responded, stating that part of it could be a work-around of the trees. He advised that the project was appealed two years ago on whether the trees that were proposed for preservation were appropriate for that.

Commissioner Acevedo further indicated that the trees, those that are around the existing house, may change the landscaping in a different way.

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PM Rowe agreed, but stated that he felt a work-around could still be done, even though some of the trees may become part of the backyards of the areas of the new houses that are being built. He said that he also thinks that you could still preserve the tree groupings and still agree to do a reconfiguration in a way that would be more useful.

Commissioner Benich questioned if the open space between Lots 64 and 73 and above Lot 51 is maintained by the homeowners association. PM Rowe replied "yes".

Chair Lyle asked if that path is eliminated, are there still paths in the project, as the current maps did not reflect the other paths that were shown in the original plans. PM Rowe responded that the other paths are still in the project.

Commission Mueller asked if it is typical that these lots grow by 3 or 4 feet because of the separation of the units? PM Rowe replied, "yes", when you go from a single-attached to the modified setbacks, it is typical." Chair Lyle added that usually that causes a problem with the amount of open space, but in this case there is a range of 25 to 30% building coverage and they now are in the 28% or so range. Usually you can lose a point on this.

Commissioner Benich asked PM Rowe if the police had any comments with respect to the safety and security regarding this pathway going from Cory Dr. to Dunne Avenue? PM Rowe said he would need to review the Development Review Committee comments in file and provide a response upon the completion of his review.

Chair Lyle opened the public hearing.

Vince Burgos, Development Process Consultants, Malibu, CA, addressed the Commission firstly regarding Exhibit "B" of the Development Agreement, with respect to the September 30th deadline. He indicated that the project Site Review application is currently scheduled for the September 1, 2005 Architectural Review Board (ARB) Meeting and that his client is aware that the timeline issues has become quite tight, so therefore requested that the ARB Meeting agenda date be moved forward if possible. Mr. Burgos stated that they are ready now and can proceed with the ARB process immediately.

With regard to moving lots 51 & 64, Mr. Burgos expressed his concern with that adjustment, stating that typically they are required to have 40 ft. of frontage or 30 ft. on an interior lot. He questioned if they start moving those lots over, will they have the opportunity to put in a common drive to access two lots, as they do not want to lose the tree. Ultimately, Mr. Burgos said he thinks they can make the adjustment, but he did not think it is going to be an equal exchange of open space into the entry area. He continued by stating that he's hoping that this does not come back to haunt them in the future when they are going through a Measure C process and they have a situation that is not a typical. Mr. Burgos also stated that it's a zoning issue and they are not asking for approvals on those two lots at this time, and maybe they can work it out in the future.

In reference to the last sentence of the zoning amendment case analysis on Page 2 of the staff report, Mr. Burgos stated that he thinks staff's intent is Phase 2, adding that it may look like one phase in this process; however the applicants are looking for 8 units initially in the first phase. The second phase will be the balance of those 35 lots.

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Chair Lyle pointed out that this is the problem PM Rowe mentioned earlier, wherein staff is requesting that a phasing plan be provided. He added that he doubts the City was requesting that a phasing plan be done for the first 8 units, but currently there is only a phase I name for the entire project. Chair Lyle confirmed with PM Rowe that the intent is that it be done and staff would pro-rate that out when the phasing schedule is provided. Mr. Burgos said he now was clear on the request. Chair Lyle also asked Mr. Burgos if he was okay with the changes to the Development Agreement, including Paragraph (p).(ix) regarding the street frontage improvements? Mr. Burgos replied that he was and that Bill McClintock would address the improvements modifications.

Bill McClintock of MH Engineering Co., 16075 Vineyard Boulevard, addressed the Commission, stating that Public Works is directing the funds that come in from the developers for all the improvement commitments. He continued by stating that, fortunately, this project made the same commitments that the DiConza project made, and that Mr. DiConza does not have enough money in his commitment to actually cover the cost of the Walnut Grove Drive extension; therefore, he believes the off-site commitments for this project will be on a per-lot basis, and they will pay the amount of monies that had been committed through Measure C, which will help complete the Walnut Grove project.

As far as the phasing, Mr. McClintock apologized that they did not specifically show the phasing, and provided the Commission with an estimated breakdown of the allocations and phasing of the project. He then addressed the detention facility for the first 9 units, noting that a map for that will be submitted. Mr. McClintock added that the improvements are going to be put in during the first phase all the way to Cory Drive, which is already reflected on the improvement plans that they hope to be filing next week, so there won't be improvement plans associated with phases 2, 3 and 4, only maps.

Chair Lyle stated that the other issue that needs to be worked out is when the item on the installed street frontage improvements and the Walnut Grove pieces are going to happen.

Mr. McClintock responded that he does not see this project installing those improvements, but that the design is all done, the bids are in, and the City has a project. Mr. McClintock stated that he didn't know when Public Works plans to start this, but much sooner than these lots, was his belief. He went on to say that as far as the sizing of the detention pond, they have set this up to mitigate this project, as well as ten acres from the north of Dunne Avenue. Mr. McClintock advised the Commission that the first 9 lots would probably only have sufficient capacity for those 9 lots, so the applicants are requesting the flexibility with those first 9 lots to dig the pond in phases so that as they get more lots and build more pads, they take more dirt out of there to build those pads.

Commissioner Mueller was concerned that would then mean the recreation area for the project would be getting torn out every six months, to which Mr. McClintock responded that he did not think they would be, as it would not be that they would be doing more work on every phase, so what they put in would stay and would not be torn out.

Commissioner Mueller continued by saying "why not just move the dirt off the area, as they have 12 acres there?" Mr. McClintock indicated that Mr. John Telfer would probably have to speak to the Commission about that, as there are two different property owners (Dempsey and Weichert) and they are buying out the Dempsey property.

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Commissioner Mueller added that it still seems to him there would be no recreation area in this project until the project is completed. Mr. McClintock replied that "He would say that they will have a recreation area, but if it's a concern, they could sit down and talk more about it and do a bit more planning; however, building the pond for that many acres result in a lot of material, and the applicants do not have a place to put it until the Weichert lots starts to get developed."

Chair Lyle requested SE Creer to clarify the timing of the phasing of the street frontage improvements on Dunne at Murphy.

SE Creer initially commented with respect to the Walnut Grove project, stating that Mr. McClintock is correct with regard to the DiConza San Pedro Villas project in that 1) In the first phase they acquired the right-of-way; 2) In the second phase they had the design done and paid for that with some of those monies that would have been applied towards the improvements; 3) Now we are at the threshold of going to construction, and it cost a large amount of money to build that entire roadway; and 4) The amount of money remaining under the commitment that San Pedro Villas made is not enough to cover it. SE Creer advised that they are hoping to go to City Council some time in late July or the first part of August with a request to supplement some of the costs, and of course this project will pay a portion of that to build that roadway and move forward.

SE Creer continued by stating that with respect to the street frontage improvements on Dunne and Murphy (the Busk property), he would like to think it would be structured similar to the way things are being done with the San Pedro Villas project. He added that he knows there are other developers that made similar commitments this last competition to improve the Busk property, so perhaps it would be looked at in such a way that in the first phase they would be doing a design for the Busk portion, and the second phase would be that the right-of-way is acquired, and depending on how it goes, the third phase would construct those improvements.

Chair Lyle asked SE Creer if he was saying that for Paragraph (p).(ix) of Page 12 of the Development Agreement that the Commission should include language like "or as agreed to by the Director of Public Works". SE Creer stated that he thinks that would be sufficient, and that they are trying to balance it out based on the number of allotments they received, but make sure the commitments are fulfilled.

With no one else present that wished to address the Commission, Chair Lyle closed the public hearing.

Commissioner Mueller commented that in the Development Agreement under Paragraph (p).(ix) on Page 12, he understands the item to read "to do" the installation of the street frontage improvements along the northeast corner of Dunne Avenue (Busk property) to widen Murphy Avenue, etc., not that "by the time the project is completed, it will be done or they will have done those improvements".

SE Creer stated he would have to go back to the applicant's narrative to see if it says anything different. He indicated that he believes that when the applicant went through the competition that they were required to put together an engineer's estimate, and that he would have to look at that and amortize that over the entire project based on the number of allotments that were given.

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PM Rowe added that when this project is completed as a 78-unit project, it will have done all the component parts that will result in the installation of the improvements on Dunne and Murphy, but the way staff implement these commitments is in stages unless they are fully-allocated projects. Since this project is 40% allocated to-date, commitments towards satisfying this will be commensurate with that portion, as with the Murphy extension, and although the City will supplement the funds to get the Murphy extension sooner, the City still gets some reimbursement because this project has committed to fund that work based on the full build-out of the project.

PM Rowe stated that based on the information provided by SE Creer, that he would recommend that the Commission leave paragraph (p).(ix) on page 12 of the Development Agreement as is, and add the wording "or as agreed to by the Director of Public Works".

At this time, Commissioner Benich advised the Commission that PM Rowe had showed him where the police had no comments regarding the pathway between lots 51 & 64 of this project posing a potential safety or security issue. He stated that, therefore, it leads him not to be that inclined to go along with widening those lots and making them triangular shaped and eliminating that open space. He also indicated, as Commissioner Acevedo alluded to earlier, it has a lot of nice trees, there is a pathway going from Cory Drive to Dunne Avenue, so he's incline to leave it as it is.

Commissioner Acevedo added that when he looks at the layout, he feels that if he was living there or if he had kids there, when it is totally built out he would prefer that his kid walked through the project to get to the El Toro School, and that he wouldn't mind if it was left as it is.

Commissioner Koepp-Baker stated that she would much rather look at a park than a blank fence. If the change could be done in a park-like setting, she would give them park points and leave the trees.

Commissioner Mueller stated that as much as he would typically like the large frontage there, he has a tendency to lean more towards staff's recommendation, because he would rather see those trees in backyards rather than just open, and because he thinks it will become a gathering spot and problem area if the pathway is not extremely well lit, or a complaint from the homeowners if it is extremely well lit.

Chair Lyle said he also kind of leans towards staff's recommendation, but he's very ambivalent on it.

A straw vote was taken and Commissioners Acevedo, Benich and Koepp-Baker voted to leave the pathway between lots 51 and 64 like it is. Commissioners Lyle and Mueller voted to reconfigure the pathway as recommended by staff.

BY CONSENSUS, THE COMMISSION DECIDED NOT TO ELIMINATE THE UNUSABLE OPEN SPACE IN THE NORTHWEST CORNER OF THE SITE BY MOVING A RESIDENTIAL LOT INTO THE CORNER LOCATION AND MOVING THE OPEN SPACE AREA TO AREA OCCUPIED BY LOT 73.

COMMISSIONERS MUELLER/ACEVEDO MOTIONED TO APPROVE THE MITIGATED NEGATIVE DECLARATION FOR THE PROJECT, WHICH

CARRIED BY A UNANIMOUS AFFIRMATIVE VOTE OF ALL COMMISSIONERS PRESENT, WITH ESCOBAR ABSENT.

COMMISSIONERS MUELLER/BENICH MOTIONED TO APPROVE RESOLUTION NO. 05-31 FOR ZONING AMENDMENT, ZA-04-21: E. DUNNE-DELCO, INCLUDING THE FINDINGS AND CONDITIONS CONTAINED THEREIN, AND WITH THE FOLLOWING AMENDMENT:

- **SECTION 5, DELETE LAST SENTENCE: ~~THESE DOCUMENTS SHALL ALSO INCLUDE THE FOLLOWING MODIFICATIONS AND CONDITIONS OF APPROVAL:~~**

THE MOTION CARRIED BY A UNANIMOUS AFFIRMATIVE VOTE OF ALL COMMISSIONERS PRESENT, WITH ESCOBAR ABSENT.

COMMISSIONERS MUELLER/BENICH MOTIONED TO APPROVE RESOLUTION NO. 05-32 FOR SUBDIVISION, SD-04-17: E. DUNNE-DELCO, INCLUDING THE FINDINGS AND CONDITIONS CONTAINED THEREIN, AND WITH THE FOLLOWING AMENDMENTS:

- **PAGE 12 OF STANDARD CONDITIONS, SECTION VIII.C, STREET IMPROVEMENTS, ADD: 55 FEET.....DUNNE AVENUE;**
- **PAGE 21 OF STANDARD CONDITIONS, SECTION XXIII.A, OTHER CONDITIONS, AMEND:COMPLY WITH ALL MEASURE P RDCS COMMITMENTS.**

THE MOTION CARRIED BY A UNANIMOUS AFFIRMATIVE VOTE OF ALL COMMISSIONERS PRESENT, WITH ESCOBAR ABSENT.

COMMISSIONERS MUELLER/ACEVEDO MOTIONED TO APPROVE RESOLUTION NO. 05-33 FOR DEVELOPMENT AGREEMENT, DA-04-09: E. DUNNE-DELCO, INCLUDING THE FINDINGS AND CONDITIONS CONTAINED THEREIN, AND WITH THE FOLLOWING AMENDMENTS:
DEVELOPMENT AGREEMENT:

- **PAGE 7, PARAGRAPH (H).(II), ADD:....FLOOR SPACE OR FRACTION THEREOF;**
- **PAGE 9, PARAGRAPH (L): DELETE ITEMS (III) & (IV);**
- **PAGE 12, PARAGRAPH (P).(III), AMEND: ...TO STANDARD FEES FOR THE 8, 2005-06 BUILDING ALLOCATIONS.;**
- **PAGE 12, PARAGRAPH (P).(IV), CONTRIBUTE \$1,100 PER UNIT TO THE OFFSITE DRAINAGE IMPROVEMENT FUND, IN ADDITION TO STANDARD FEES FOR THE 26 BUILDING ALLOCATIONS AWARDED THROUGH 2006-09.;**
- **PAGE 12, PARAGRAPH (P), ADD NEW ITEM (IX): INSTALL STREET FRONTAGE IMPROVEMENTS ALONG THE NORTHEAST CORNER OF DUNNE AVENUE (BUSK PROPERTY) TO WIDEN MURPHY AVENUE WITH PAVEMENT, CURB, GUTTER AND SIDEWALK, INCLUDING NEW SIDEWALK ON E. DUNNE AVENUE (APPROXIMATELY 500 LINEAL FEET AT A COST OF \$200,000 OR \$2,577 PER UNIT), OR AS AGREED TO BY THE DIRECTOR OF PUBLIC WORKS.**
- **SENTENCE 2 IN THE BOTTOM PARAGRAPH:.....PERMIT SIX (6) ONE (1) OR MORE MONTHS BEYOND.....**

THE COMMISSION RECOMMENDED THAT THE PROJECT SITE REVIEW APPLICATION REQUEST BE MOVED FROM THE SEPTEMBER 27, 2005 ARCHITECTURAL REVIEW BOARD MEETING AGENDA AND SCHEDULED FOR AN EARLIER DATE.

THE MOTION CARRIED BY A UNANIMOUS AFFIRMATIVE VOTE OF ALL COMMISSIONERS PRESENT, WITH ESCOBAR ABSENT.

**2) M.H. DRAFT
DOWNTOWN
PARKING
RESOURCES
MANAGEMENT
PLAN**

In the presentation of the staff report by PM Rowe, he stated that the Commission is being requested to provide staff and the consultants, DKS Associates, with comments on the draft Downtown Parking Resources Management Plan. He stated that DKS Associates were retained by the City's Redevelopment Agency to prepare a parking resources management plan for the Downtown and that this document formulates a comprehensive plan for the retention, acquisition and management of the City's Downtown public parking resources, as well as includes an update and confirmation of the accuracy of the existing parking and parking utilization study that was done as part of the original Downtown Plan in 2002. PM Rowe further reported that at the end of last year a series of amendments were drafted for the Commission to the Downtown Plan, one being to amend the parking standards, at which time the Commission recommended that the Council defer action on amending the parking standards for the Downtown area until the results of the Parking Management Plan had been prepared and presented.

PM Rowe then introduced DKS Associates consultant, Mark Spencer, and indicated that Mr. Spencer would be making a Power Point presentation to the Commission. PM Rowe also stated that at the conclusion of the presentation, Mr. Spencer and staff would be available to answer any Commission questions and receive their comments.

BAHSM Maskell distributed the Commission a copy of a memorandum prepared earlier in the day, addressed to her from Mr. Spencer regarding the Revised Future Conditions Analysis for the Downtown Parking.

BAHSM Maskell indicated that a copy of the draft Downtown Parking Resources Management Plan was distributed to the Commissioners for their review on June 21, 2005. She further shared that a presentation of the Plan had also been made at the Downtown Association Meeting, and copies of the draft Plan was distributed to them and their thoughts were requested and incorporated into the Plan, along with the comments from the City Planning Division and Public Works Department staff.

Commissioner Koepp-Baker questioned whether the Downtown Association Meeting was the only public meeting held regarding the Plan, to which BAHSM Maskell replied "yes". Commissioner Koepp-Baker then pointed out that on the list of 15 attendees, at least 5 were City agencies staff, which is not a high percentage representative of public input.

Chair Lyle restated that the Commissioners had received copies of the Parking Management Plan on Wednesday, June 21, 2005, and that he had a meeting with BAHSM Maskell and Mr. Spencer (by phone) to discuss his preliminary review of the draft Plan. He indicated that he drafted a note and sent it to Mr. Spencer, and part of the result of that discussion is an alternative view of the parking downtown, which is in the memo distributed to the Commissioners tonight by BAHSM Maskell.

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Prior to making his presentation on the Plan, Mr. Spencer noted that comments were also received from Commissioner Mueller. Mr. Spencer began his presentation by providing the following background information regarding the Plan: In September 2004, DKS began work and their initial first draft was submitted at the end of January 2005. The draft report (dated June 14, 2005) received recently by the Commission, represents a revised version that incorporates comments received from various City departments. In 2002 a comprehensive parking survey that included approximately 1100 spaces throughout downtown Morgan Hill was undertaken. The report concluded that there is adequate supply to meet the current demand. There were several issues that were identified and those included access, circulation, lighting and maintenance. That report was based on a timeframe of 2001 and 2002 typical conditions, which included the parking occupancies, and the vacancy rates of the businesses and residences in downtown at that time. The findings from that report was used to develop recommendations in the Downtown Plan, which recommendations were also used to prepare the Downtown Parking Resources Management Plan.

Mr. Spencer's presentation followed:

The first exhibit was from the Plan and outlined the entire study area that was identified. He stated that his reason for pointing out this exhibit is that there is actually a subsection that they developed after meeting with the Downtown Association, and it was suggested that the core area of downtown specifically be reviewed. Mr. Spencer indicated that some special attention to the core area is given, as it is where development is more active, where parking occupancy levels are significantly higher, and it also leads to the perceptions that people have about parking in downtown.

Mr. Spencer then reviewed the following study methodology in preparing the Plan:

- 1) Preparation of an assessment of the existing conditions in comparison to those in 2003, which were generally similar. The assessment included a review of:
 - The physical conditions of the lots
 - The parking zones
 - Parking signage
 - Employee Parking
 - Bicycle Parking
 - Parking Enforcement Levels
- 2) Preparation of an assessment of future parking conditions. Firstly, they had to figure out the future demand levels for both near-term and long-term conditions. They looked at several issues, including the Morgan Hill Court House, the Third Street and Depot Street projects, and probably most importantly, identified several opportunity sites for commercial development and residential growth in the downtown (Exhibit 7 from the draft Plan). Mr. Spencer pointed out that the majority of the sites in the future development is concentrated towards the northern and eastern part of downtown and that in their report of the Plan, they presented a "best-case" scenario, which was the subject of discussion that he, Commissioner Lyle and BAHSM Maskell had on June 24, 2005. Mr. Spencer noted that the "best-case" scenario assumptions behind that includes:
 - Future commercial development (including the Depot and Third Street projects) - Replace the parking that is lost to development;
 - Private and public lots would be available for all to use;
 - Minimal enforcement of *parking restrictions*;

- Future residential parking would be provided at two per dwelling unit, and would also be available to the public - shared parking concept; and
- Future commercial parking requirements would be eliminated

Mr. Spencer indicated that with those “best-case” assumptions, parking would be okay through 2025 and if all downtown parking is considered a shared resource. He stated that the “best case” is ideal, but he thinks it is something to consider in terms of where the City might want to strive in terms of managing their parking resources and making the best use of the 1100+ spaces that currently exist.

In reviewing the draft Plan Table 6, Mr. Spencer covered the short-term parking conditions, and stated that in the 2009 “best-case” scenario, parking occupancies during the week would move to about a 70% level, and on weekends to a 67% level. There would be plenty of parking, again assuming that all the parking is a shared resource. In the longer-term vision, moving out to 2025, Mr. Spencer stated that the parking occupancy levels would increase to about an 85-86% level weekdays and a projection of a little over 80% on weekends. He advised that would be where the City would be starting to reach a threshold capacity of 85%, which is a good rule of thumb to use for parking in terms of when parking becomes difficult to find and considered almost at a maximum level.

Mr. Spencer went on to say that following the discussion and comments received to-date, DKS Associates did prepare a “worst-case” scenario, which is included in his memo that was distributed to the Commissioners tonight by BAHSM Maskell. He stated that the assumptions in the “worst-case” scenario are that:

- All future commercial development, plus Depot Street and Third Street projects, collectively, result in a loss of 301 parking spaces between now and 2025. (No replacement of parking in kind, public or private) That is roughly 25% of the parking supply;
- Private lots would be continued to be restricted;
- Parking would be enforced. When it comes to parking management policies, enforcement is always going to be key;
- Future residential parking would be provided, but not shared with the public; and
- Future commercial parking requirements are eliminated.

Mr. Spencer stated that building all that into the equation, downtown public parking would be full in about two years, based on the remaining available public spaces that exist now, so that timeline when you build in the “worst-case” assumption moves up very, very quickly.

Mr. Spencer then addressed the tables in the memo that was distributed to the Commission tonight, explaining that what happens in the short-term scenario is that there is a surplus of private parking (almost 300 spaces), but a deficit of about 93 spaces in public parking between now and 2009. In his review of the revised Table 7, he explained that if everything happened the way it is designed in the 2025 “worst-case” scenario, there would be a shortage of well over 600 public spaces. He stressed that that number is very important when the time comes to consider the addition of more parking assets downtown.

Mr. Spencer continued by stating that in the draft Plan they layout near-term and long-

term recommendations, with respect to the “best-case” scenario versus the “worst-case” scenario, and realistically, as stated by Commissioner Lyle, the truth is somewhere in between. He agreed that the “best case” is very idealistic. The “worst case” assumes a lot of things happening to get to that “worst-case”, particularly so quickly, but the issue is that the City is going to hit a parking deficit and the question is when. Mr. Spencer stated that the recommendation is that the sooner the City approaches the parking capacity, the sooner the need to implement the series of recommendations and the series of recommendations that can be implemented in an incremental fashion.

At this point in his presentation, Mr. Spencer reviewed the On-Street Parking; Off-Street Parking; and the Bicycle Parking under the near-term parking improvement recommendations. He advised that the Downtown Association had provided comments that had to do with the planning strategy for financing new parking assets. In his research, he thought that the appropriate strategies for Morgan Hill to consider and to invite further discussion are:

- Using parking meter revenue in a downtown business improvement district to fund parking and street improvements;
- Creating a parking pricing strategy. This needs to be done first in order to figure out what the pricing strategy is going to be;
- Creating a parking assessment district. This is where the business owners pay into an assessment district specifically for parking improvements and parking assets; and
- Paying in lieu parking fees. Having development rather than providing parking residential or commercial parking. The fees can then be used to provide streetscape, parking improvements, etc.

Mr. Spencer mentioned that the one strategy that did not make the cut (which is discussed in the report) is creating physical linkages between parking lots throughout downtown, even there are a few opportunities, such as helping with access and circulation (perhaps a perception issue), you do not gain a lot of parking supply for the level of effort you would have to put forth to make that happen. He thinks the cost and staff time can be better utilized elsewhere, and with a greater gain.

Mr. Spencer noted the following long-term parking recommendations regarding On-Street Parking: 1) Adopt a parking monitoring program. Having an on-going parking monitor program is critical so that you can monitor when you are approaching that 85% occupancy threshold. Then you can implement strategies as you are approaching that point; 2) Enforcement of the two-hour parking limit. Need to have more enforcement to actually encourage the turnover so that the primary space, particularly the ones on Monterey and on Third, are being turned over; 3) Expanding the two hour parking zones to reduce longer period parking; and 4) Consideration of a residential permit parking program. To protect the residents and also to achieve the parking goals, it is found that parking is then being pushed out and encroaching into the residential area.

Mr. Spencer also summarized the following long-term parking recommendations for Off-Street Parking: 1) Employee Parking. Appropriate places and incentives for the employee parking areas; 2) Enforcement. Possibly converting four-hour lots to two-hour lots to encourage the turnover; 3) Signage; 4) Making use of some of the under-utilized resources. Finding a way to get those into the parking supply; and 5) A joint parking structure on the existing Caltrain – VTA lot.

Mr. Spencer then responded to the following Commissioner concerns regarding the “best-case” scenario Assumption Chart:

- The ideal of shared parking in the downtown is going to hold. Too hopeful!
- Limited current public parking lots and the possibility they may not be permanent.
- That two of the opportunity sites in the Table show future commercial development down Depot Street are setup for parking in the Downtown Plan. (Have to count them one way or the other). Mr. Spencer stated that he agreed, and went on to say that the information they used indicated that if those sites were parking sites rather than development sites, it would not actually change the results of what he presented, because they looked at the downtown as a whole and not site specific.

At this time, Chair Lyle requested the opportunity to share a chart he prepared, which reflects a different set of numbers, but came to the same conclusions as Mr. Spencer, but in more of a succinct way of looking at them. He also stated that his numbers are similar to Mr. Spencer’s numbers, but not quite as pessimistic as his pessimistic case. Chair Lyle explained his numbers and conclusions to the Commission, beginning with Table 6 (reflecting December 2009 date), noting it as the optimistic case for weekday peak hour: 1493 spots, 1058 used, 71% occupancy.

Chair Lyle pointed out that according to his adjustments to the various assumptions, he reached the following conclusions:

- Depot Street project: A “sure thing” of a loss of a minimum of 36 on-site parking spaces, resulting from 10 being lost to this project, and assuming what is lost there is actually lost. “10” is probably “realistic”!
- The Sharaz Lot (located behind the Granada Theater): A definite loss of 58 spaces. Currently there are 75 private spaces and it is being proposed that approximately 17 will remain, other than what is going to be used by the housing.
- The Sunsweet properties: Some public parking will be provided, but 67 off-street parking spaces will surely be lost.
- Private parking. This report assumes there is going to be 135 new homes, which is 270 spots. Chair Lyle stated that he believes it’s almost a “sure thing” that the bulk of those will stay private. He added that currently with the inventory at 270, with a load in the peak hour of 16, there is essentially a loss of 102 parking spaces, which says we’re at a 79% occupancy by the end of 2009. He pointed out that what we really end up with is 511 spaces and a demand for 585, so we’re in deficit. He suggested that one of the things that could be done is to try to make more of the private lots public, because the private lots do inhibit the public perception of what’s available.

Chair Lyle summarized his conclusion, based on his numbers and assumptions, by indicating that the street and the few public lots that we have are nearly full and will get full fast.

Mr. Spencer added that another part of the issue that goes to the heart of this discussion, is that when downtown intensifies, part of what will happen is that you cannot always provide the space immediately adjacent to the desired destination, and people are going to have to walk further.

Commissioner Mueller questioned whether there is a rule of thumb that says if you purposely design the place where the walking distance gets too great, then it becomes a detriment. Mr. Spencer cited the City of Campbell as an example of Commissioner

Mueller's query. He continued by saying that downtown Campbell has a huge parking garage, but it is out-of-the-way, not very visible and that there is a lot of urban design that did not go along with it, and that is a situation we definitely want to avoid. People do not want to park more than two blocks away, as they will find that a detriment.

Commissioner Acevedo questioned where the City's ADA public parking spots are on the streets and pointed out that when we do start striping those spots to become compliant, they actually are just taking away spots.

Commissioner Koepp-Baker added that the City also does not have adequate curb cuts. She further commented that two of the things that she took note of are: 1) The hours that the survey was done did not move past mid-afternoon. She stated that two of the store fronts downtown catered to programs for children after school, and both of those impact traffic pretty heavily anywhere from two and one-half to four hours. She also pointed out that this was not registered in the Plan, nor noted; and 2) There is no uniformity from one lot to the next, and if we were to lease them as a City, we would have to incorporate uniformity into those because then ingress and egress becomes a big problem and we're responsible. Commissioner Koepp-Baker indicated that her thinking is that in the future, if she was a capitalist-type investor, she would not lease property to the City on a long-term basis, that she would lease it to whoever would pay the most; so private lots would not be a part of the consideration. She continued by saying that if the City owned the lots, "yes", but if they just leased them, "no". She concluded by stating that if all the private lots were thrown out that there is almost nothing left and we get to that deficit that Chair Lyle spoke of earlier.

Mr. Spencer made the following two points in response to Commissioner Koepp-Baker's comments: 1) The current situation is that while there are later afternoon and even some night-time uses, the weekday maximum parking demand is still a midday condition. He would expect that that would change over time as there is more development, particularly the theater project. He added that the night-time entertainment type uses will change the parking mix, so as the monitoring is being done, there will be the need to expand the hours; and 2) With respect to the use of all the private lots, he stated the City could wind up with a situation where there is overbuilding of the parking, where you have a perception issue of "well, there are many lots that don't seem to be very heavily utilized, but then the City is spending a lot of money trying to add parking". Mr. Spencer, admittedly, stated that it might be a necessity on one side, but not the most effective use of parking resources in totality.

Chair Lyle added that Mr. Spencer's last comment was a good point, but it comes back to the issue that the private lots have to be dealt with, and a strategy of where to go with them and how to get better utilization has to be put in place.

Commissioner Acevedo commented that he sees the Plan as more of a report than a plan. He continued by stating that during Mr. Spencer's presentation he talked about triggers and how there should be policies in place that cause actions to take place based on those triggers; however, while Mr. Spencer suggested triggers, there were no hard triggers in the Plan, he just suggested maybe that should be done. Commissioner Acevedo stated that he thinks the Plan should actually have real triggers that cause real actions. He further questioned whether or not there is some sort of modeling that can be done where you can take into account retail commercial square footage in a certain type town that

would reflect the requirement of a certain amount of parking in order to determine if the model is true. Commissioner Acevedo also questioned whether DKS could put a matrix together that would indicate where the triggers should fall, based on the parking assumptions for the City's plan to develop residential and retail commercial, since the model would probably be similar when combining all the factors.

Mr. Spencer remarked that he made note of Commissioner Acevedo's comments regarding whether the Plan is a report or a plan, and stated that he also can understand putting in that kind of language and the trigger points in the Plan. He replied, "yes, it can be done" in response to Commissioner Acevedo's points regarding a parking model that projects out demands, so that it is known when those triggers are hit. Mr. Spencer indicated that the basis for such a model is indicated in the last appendix of the Plan, which shows a shared parking spread sheet that reflects how parking accumulates for a certain amount of residential and a certain amount of commercial development. He also stated that they looked at all the development in its entirety, but it could be looked at it in pieces or in annual increments to see how it builds up over time, and then it can be graphed or projected so you can see at what point the various triggers are hit, if that's desired.

Chair Lyle asked if there was anyone in the audience that wanted to present or discuss anything. There was no one.

Commissioner Acevedo added that something else that he would like to see is more locations identified of potential parking lot spaces should it be decided that a parking structure is where they would like to go, similar to the way they have identified potential locations for schools, or grocery stores, or other projects. He felt, that way, if certain things start filling in, that can become a trigger to really reserve a spot, rather than letting them all develop, and then lose all potential to have this structure, whether you want them or not.

Commissioner Benich commented that as he read through the report that it was clear to him that we are facing a problem, and that it is just a question of whether it will be sooner versus later. He added that with the changes made to the RDCS and the development that we are trying to foster in the downtown area, it seems to him that it's going to be sooner. Commissioner Benich also suggested that one of the things that might be considered is to start looking in our Capital Improvement Plan, to start setting aside some monies for future parking structures and actually addressing it. He provided an idea for that little pocket park, stating there is a potential for three levels, one below grade, one at grade, and one above grade, which would be three levels within a relatively small area that could really hold a lot of vehicles; however, it has to be budgeted, and it cannot wait until 2025 or even 2009.

Chair Lyle stated that he felt Mr. Spencer's presentation was excellent and it reads much easier than the Plan. He added that he believes that the truth is somewhere between the "best case" and the "worst case", although he thinks it's closer to the "worst-case" scenario, and if you look at it that way, then some of the conclusions are more immediate. Chair Lyle stated that he thinks there is a feeling among the Commission that work needs to get underway, and that also to some degree, the Commission has been seduced by the earlier set of numbers, which seemed that all parking is equally shared, and now that they are looking at the Plan for the first time, they see that it says that's really not the case. He

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further stated that it ties in with the perception that people have that things are tight and they are tight because we have so much private parking. He added that he had no realization that the City had too much private versus public parking until he played with the numbers.

Mr. Spencer stated that percentage-wise, the private versus public parking in downtown Morgan Hill is relatively high versus other similarly-sized downtowns in other locations.

Commissioner Mueller stated that he would like to see a lot of tonight's discussion folded into the Plan and it is made a report with a recommended plan that reflects the outcome. He suggested that the Plan would lay down a real basis, and then they would try to develop what is sometimes called the "more typical or probable" situation; if everything went wrong, the "worst case" happens, and if everything went the other way, the ideal would happen. Commissioner Mueller further remarked that "The real truth is some place between the two; therefore, provide a plan to manage parking so that assets developed are successful, not a detriment, then he thinks the Commission would be able to make a value judgment". He also pointed out that one of the funding sources for parking that the Plan omitted is the potential that the City might want to extend the RDA cap, thereby allowing the RDA to potentially become a source of money.

Chair Lyle noted that there is also the possibility of the RDCS generating some funds; however, not as it is currently structured.

Commissioner Acevedo commented that he feels that it is optimistic to suggest the City will have a "worst-case" scenario sooner than later, because that suggests there will be a better business climate downtown sooner rather than later, developing out quicker. He thinks the reason for that is the reason we cannot look at what we have done historically, because the town is growing in population and usually the threshold for new businesses and people being interested in moving from a business standpoint to locations, is approximately a 50,000 population. Commissioner Acevedo indicated that when you count the outlying county area and that draw into the City, we're getting pretty close to that population number, and he believes that is what is going to trigger the businesses, not the incentives.

Chair Lyle requested BAHSM Maskell to address the Commission with any comments she may have. She indicated that it will have to be figured out how they are going to handle the information received, as they want to synthesize which things they want to put in the Plan and which things they want to list on the side, and she thanked the Commission for their comments. She questioned if the Commission now have enough information for them to, either tonight or at the next meeting, to be able to make a decision on where they are going to go with the ordinance (Item #3).

Commissioner Mueller stated that he would like to see what information the report is going to contain, what the final draft Plan will be, and what will be put into the report Planning Commission-related, as it well may change what the Commission is going to be recommending.

Chair Lyle responded that he at least had an early opportunity to look at some of the numbers, whereas most of the Commission did not. He stated that the presentation

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tonight was very illuminating, but that he has not had a chance to look over the numbers behind the presentation even though he received the information a little earlier. Therefore, he felt the Commission needs to have an opportunity to digest that information, so he did not think it would be right for the Commission to act on agenda item #3 tonight, based on the Plan presented tonight.

BAHSM Maskell asked the Commissioners whether they needed to have the Plan brought back before them for review?

Commissioner Mueller asked, "If the Commission wanted to wait to see the outcome of the revised Plan, how soon will the updated final draft be completed?" BAHSM Maskell responded that she was not certain at this time, that they would need to take a look at the comments and discuss them and look at what the Downtown Association said, which basically is that they don't want people paying for parking. Commissioner Mueller remarked, "so they want lots of parking space very close for free!"

Commissioner Koepp-Baker questioned how the Commission could come up with a recommendation for a funding plan if they do not know what the City-controlled parking inventory is going to be. She stated that it is a very large part of the Commission's recommendation as to where and how the City is going to be in five years, and then in ten years, and also because we are the taxpayers that are going to pay for this, along with a lot of other people.

CDD Molloy Previsich addressed the Commission, asking if the Commission wanted to see the revised management plan back before them for another look once it has been revised? She stated that staff can see how much of that can be done for the July 12th meeting, but that she thinks that the shorter term situation needs to be addressed, which is the upcoming Measure C competition and what's going to apply for Measure C. CDD Molloy Previsich recommended that they move on to the ordinance Item #3 and begin some substantive discussion, and under that agenda item talk about maybe limiting the time or incorporating into the ordinance itself, so that it is only applicable to the next year or two, or something to that effect. She added, that way, maybe the Commission would be able to take a little more time to continue to work on the Parking Management Plan and to develop a longer-term strategy, without the urgency of needing to decide what's going to be in effect in the next few months.

Chair Lyle stated that the Commission would like to see the final draft Plan, and that the discussion should now be whether the Commission could take any action on Agenda Item #3 ordinance before seeing the final draft Plan. He reiterated CDD Molloy Previsich's suggestion that there may be pieces of it they can take action on, and probably other pieces that they cannot.

Commissioner Acevedo commented that he would like to see the results of the Commission's comments in the final draft Plan; however, he still thinks the Commission could discuss Agenda Item #3, even without having those results. He stated that if there are some pieces missing during the discussion, he feels that would come out in Item #3.

THE CONSENSUS OF THE COMMISSION WAS THAT THE REVISED DRAFT PARKING MANAGEMENT PLAN BE RETURNED BEFORE THE COMMISSION AT THEIR JULY 12, 2005 OR JULY 26, 2005 MEETING; AND

**FOR THE COMMISSION TO MOVE FORWARD WITH THE DISCUSSION OF
AGENDA ITEM #3 TO SEE WHAT ACTION THE COMMISSION CAN TAKE
TONIGHT BEFORE THEY SEE THE REVISED DRAFT PLAN.**

Commissioner Mueller requested that the Commission be provided copies of Mr. Spencer's Power Point presentation, to which he agreed.

**3) ZA-04-14:
CITY OF M.H.
DOWNTOWN
PARKING TEXT
AMENDMENT**

A request to amend Municipal Code Chapter 18.50 Off-Street Parking and Paving Standards to incorporate changes to the parking standards for the Downtown area as recommended by the City's Downtown Plan. Proposed changes include the elimination of the on-site parking requirement for commercial and office uses and the elimination of the guest-parking requirement for residential uses.

PM Rowe presented the staff report. In doing so, he reminded the Commission that in December 2004, the General Plan map and Zoning amendments were approved to expand the Mixed-Use/CC-R zoning district to include the area on the east side of Monterey Road, north of E. Main Avenue (the Goodwill store block). He also noted that at that time, they did not have the benefit of the Parking Management Plan, and that during discussions the Commission voiced concerns about extending the on-site parking exemption into this area, because there isn't any shared, public or private parking in close proximity. The closest available parking to that location to the north is the lot that the City leases next to the Wells Fargo Bank. PM Rowe stated that staff has a specific recommendation with respect to that, which would exclude the area north of E. Main Avenue from the exception to the on-site parking requirements, and currently there would be a requirement to provide on-site parking for commercial uses and guest parking for the residential uses that are located in that area. He also indicated that there would be a General Plan and Zoning Amendment application coming before the Commission, requesting the extension of the CC-R district south of Dunne Avenue, which will present further discussion to this matter. PM Rowe advised that the approval of Resolution No. 05-34 would incorporate staff's recommended changes into the Downtown Plan. In conclusion, PM Rowe added that one way of also proceeding, in terms of the urgency, as it would apply to the vertical mixed-use projects, would be in moving forward with the residential side of the ordinance, as that would help those projects that are in and around downtown that are in the building and planning stages now for any Measure C applications in October 2005.

Chair Lyle opened the public hearing.

Seeing there was no one present that wished to speak to the matter, Chair Lyle closed the public hearing.

The Commission entered into discussion at this point.

Commissioner Mueller expressed concern that too large of an area is still being covered. He also stated that he is uncomfortable about going out along Main Avenue in the CC-R and exempting parking in that area, because there are really no public lots there. He's really looking to hold the area down to the Main-Fifth Street area.

Chair Lyle said he had the same concern, as it was difficult for him to read the recommended amended language and understand what it was saying. He stated that it

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would be better if it reads, “for lots in the CC-R bounded by...(language describing whatever that area will be)”. He continued by stating that as it reads now, it is like a double negative, so he thinks that language as such would be clearer, but stated the real issue is “do the Commission want to exempt housing, or do they want to exempt commercial from providing parking”.

Commissioner Mueller suggested that it be looked at in another way. He said that he really thinks that if the Commission is worried about what’s going to happen to get something seed to start, maybe a sunset window should be written into it, because based on everything they have heard tonight that it would make a lot more sense. He further stated that it could be written in such a way that the Commission would exempt this Measure C competition only, and then go back and work through the Parking Plan, but then he would want to see the area pulled down even tighter to maybe be Monterey to Depot, Dunne Avenue and Fifth Street.

Commissioner Koepp-Baker stated she is also in favor of the smaller district because if you just looked at the cost per square foot, if they make it so big, it becomes so voluminous that they cannot even deal with it. She added that if you take an area and do it as a pilot project and then changes are needed, you make those needed changes accordingly; history would have taught us that this does not work. She shared that one of the things that she and Commissioner Benich saw in one of the workshops in Pasadena was that in the City of Santa Monica, they set it all up as being a commercial district and it didn’t work at all, so they turned it over to a residential district and filled the entire thing.

CDD Molloy Previsich commented that in the short term we are trying to create an incentive to getting development downtown going, and from a public policies perspective, we are trying to get it going in certain opportunity areas where we feel it is going to be most effective that development starts first, as well as encourage these sites to go forward by building that incentive by accepting parking. She also agreed that the idea of sunsetting being allowed for a couple of years and then reevaluating, might be a good approach.

Commissioner Mueller added that his thinking is that the Commission is really starting to narrow in on what the real parking situation is going to do. He also pointed out that if for some reason the Third Street project really gets started through this competition, that would give them a bit of a clue of what is going to happen. He also stated that he does not see a problem exempting a couple of projects for this next year, because when you really think about it, there are approximately 80 units competing.

Chair Lyle stated that it depends on how many years this competition is, because there are really 100 units available for FY 06-07 and FY 07-08, and then there are 50 units for the next year.

CDD Molloy Previsich reminded that they would just be talking about exempting them from the guest-parking requirement, because there would still be the requirement for two spaces per unit. The real exemption would be the commercial and office uses.

Chair Lyle stated that personally after looking at Mr. Spencer’s presentation and playing with the numbers, that he had no problem with exempting the visitor parking spaces on a

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permanent basis, not even sunseting that. He stated that the bigger issue is the one about the CC-R's and the commercial, and if they want to sunset those, do they sunset them totally or do they provide an in-lieu fee or some other mechanism. What would the Commission put in place to make sure that they start addressing the problem when they start seeing the better data?

BAHSM Maskell commented that she felt the Commission would want things to get to the point where you allow these projects to go in, and then they would have in the back of their minds what the next step would be. But if those projects don't happen, which they may or may not depending on the economy and the ability of these developers, then you don't have any issues whatsoever, because you are just about where you are today.

Commissioner Koepp-Baker shared that in the joint meeting with the City Council on June 8, 2005, one of the concerns that was voiced was that by pushing out the boundaries, the activity that we are trying to focus on downtown would then be diluted.

PM Rowe responded in agreement and noted that if the Commission did narrow that area of exemptions on the parking, that would help redirect those projects back to the focus area.

Commissioner Mueller indicated that he feels that if staff was to come back with a two-year window with the exemptions, and a reduced zoned ordinance, the Commission could take action on that at the next meeting.

Commissioner Acevedo stated that his action would be the same, because he has absolutely no desire to exempt residential for parking spots in the downtown and have their guests take up viable commercial/retail parking spots. He added that he thinks the reason we do not have the residential development downtown is because the Measure C competition process has stopped that, and that is the only reason.

Chair Lyle remarked, "that you could also say the reason is that no prior City Council set aside allotments for the downtown." He advised that this is the first time they have been set aside, and that Council could have done that in the past, but didn't.

PC Acevedo further commented that his point is that he does not believe there need to be more incentives, that he believes the incentives that they are given should be enough and they should be able to hold to the rest, and do the parking requirements that would be required of everyone else in town.

CDD Molloy Previsich commented that, "In a way you're rewarding the people that are going first and being the risk-takers, and you would be reducing their risk." Chair Lyle asked, "If it becomes an in-lieu fee, if that means the people coming after that would pay a higher in-lieu fee than they would have if everyone was paying that right from the beginning?" (Yes)

Commissioner Benich stated that in principal, he had some reservations about eliminating some of the parking, but he also thinks it should be a smaller area with what we are trying to do to develop downtown.

THE COMMISSION ARRIVED AT A CONSENSUS THAT THE ORDINANCE

WOULD BE RETURNED TO THEIR NEXT MEETING WITH SEVERAL DIFFERENT OPTIONS THAT THEY CAN ACT ON INDIVIDUALLY, AND THAT THE SMALLER/LIMITED AREA BE SPELLED OUT.

COMMISSIONERS MUELLER/BENICH MOTIONED TO CONTINUE ITEM #3 TO THE JULY 12, 2005, MEETING. THE MOTION PASSED AFFIRMATIVELY BY ALL THE COMMISSIONERS PRESENT, WITH COMMISSIONER ESCOBAR ABSENT.

OLD BUSINESS:

**4) ZA-05-04:
CITY OF
MORGAN HILL-
CHANGES TO
THE RDCS
STANDARDS &
CRITERIA**

A request to amend Chapter 18.78 of the Morgan Hill Municipal Code, amending the evaluation standards and criteria for proposed residential developments as set forth in Sections 18.78.200 through 18.78.410 of the Municipal Code.

PM Rowe gave the staff report, wherein he provided a summary of the following major changes to the RDCS standards and criteria items that were requested to be reviewed by the Subcommittee during the Joint City Council and the Planning Commission Workshop held on June 8, 2005:

- 1) Amend the Orderly and Contiguous Category to encourage new housing in the downtown core East Second Street to East Fourth Street area. The Subcommittee determined that the most logical way to accomplish this would be to reconfigure the limits of the central core area; however, any changes to the limits would require amending Measure C through voter approval. Since this change would not be possible in time for the next downtown competition, the Subcommittee recommends that this item be deferred until a specific plan can be adopted for this area. A specific plan could provide other incentives and controls necessary to create the desired housing in that targeted area. That approach would not require voter approval.
- 2) Exemption of downtown projects requirement to provide BMR units. In lieu of BMR units, the Subcommittee recommends amending the Housing Needs Category by adding a new criterion 4.b on page 26 of Exhibit "A". Under this criterion, the Downtown Area projects would receive 8 points where 100 percent of the units are affordable at less than moderate income; 10 points would be awarded where 75 percent of the units are moderate income affordable and 25 percent of the units are median income affordable; and the units in question would not be subject to deed restriction or any requirement of the BMR program.
- 3) Integration of Market Rate and Affordable Housing Units. There were two approaches. One being the hybrid project where you incorporate affordable housing units into an otherwise market rate project. Then there was the reverse of that, wherein you would take a percentage of what would be 100 percent affordable and integrate a percentage of market rate units into that, and the number was 25 percent. Of the two approaches, it was agreed at the workshop that the first approach requires a number of extensive changes in order to accomplish the integration of a greater percent of the affordable into the market rates, and they will try to pursue that for the next competitions, but not for the most immediate competition. However, the Subcommittee was asked to look at a way to integrate that second approach. When the approach was reviewed by the Subcommittee, it was noted that there is a policy in the action items in the Housing Element of the General Plan that specifies how to currently approach the affordable housing. The Policy 1i reads "to reserve a portion of the annual RDCS housing allocations for projects with 100 percent affordable

housing”. The Action Item 1i-I, however, reads “to continue to reserve a minimum of 20 percent of the annual RDCS allocations for very low, low and median income housing”. So consistent with what those policies and practices have been to reserve, there are 50 allocations in FY 2007-08 that are 100 percent Affordable and that is equal to 20 percent, and the target range for those levels of affordability as indicated.

PM Rowe stated that for the market rate units in the Affordable upcoming competition, one way of interpreting the policy in order to proceed without an amendment would be to acknowledge that a portion of the downtown area Open/Market units are expected to serve median and below income households, and that there is a consensus that many of the Downtown units will end up being Affordable, due to the density and the unit sizes, which is what the market can sustain. He also advised that this is new housing that is being trail-blazed for the Morgan Hill market, especially the vertical mixed-use concept, and he thinks to get buyers they will have to be a reasonably affordable product. However, for clarity in the future, PM Rowe suggested that the Commission could develop general plan amendment language where it is specified that the number of allotments for Affordable to reflect an assumption that at least 20 percent of the Downtown Area Open/Market units will serve very low, low and median income households.

PM Rowe continued by stating that another approach would be to develop future affordable competitions where we specify that in addition to the 20 percent for these targeted incomes, that a portion of the market rate set aside will be reserved for the Affordable competition, but that is not something that can be done right now because the market rate is already committed for FY 2007-08. He noted that there is also a way to look at amending the specific policies, but that becomes a little more problematic and possibly could be completed before the October date, or it could come back to the Commission as a general plan policy amendment; however, it does create a level of uncertainty for the applicants that do invest a lot of dollars into putting their applications together, and if that amendment is not approved or approved in time, that will jeopardize their application submittal.

PM Rowe indicated that Staff is requesting, on this particular point, discussion and direction from the Commission regarding a determination of General Plan consistency for the 75 percent affordable/25 percent market projects competing this year in the Affordable Competition, and to move forward with the changes to the evaluation criteria based on the Subcommittee’s recommendations.

CDD Molloy Previsich provided additional comments on allowing someone to compete in the Affordable Housing Competition with not less than 75 percent of affordable housing rather than 100 percent. She stated that she thinks that the determination would need to be made that this is substantially in conformance with the General Plan, and we are in this transition time right now because we’ve got a Downtown Area allocation and the vertical mixed-use allocation where that is a different type of housing type. CDD Molloy Previsich also stated that just as with the Commission exempting the Downtown Area projects from providing BMR units, there is that recognition inherent in that policy decision that Downtown units really are kind of going to be serving lesser moderate and median income households; so it was somewhat playing off of that, because the Commission are awarding points for two of the Downtown Area units in the vertical mixed-use, because you are expecting that they are going to be relatively affordable, even

though there is no deed restriction.

Chair Lyle commented that deed restriction is the “catcher”, because when you read the Policy or the Action Item, it says very low, low and median income households, and that historically has meant deed restricted.

CDD Molloy Previsich continued by stating that if you were to be able to say, “Okay, I can accept that and I project that 20 percent of the Downtown vertical mixed-use is going to serve median and below, even without deed restriction due to housing type, density, etc., then she thinks that there is a way in this transition period, before we even had the language in effect, that we can say it would be in substantial conformance with the General Plan to allow that type of application.” She noted that it did seem that the Council did support the idea of allowing in the Affordable Housing Competition a 75 percent affordable housing project at the workshop. Chair Lyle commented that he also thinks that was the direction at the meeting, but at that time the Commission didn’t know there was a General Plan problem. CDD Molloy Previsich added that she thinks it is potentially an interpretation and you could make findings of substantial conformance, or you could get direction from the Council, and then carry out that direction in time in the fall, so that that direction is applicable to the upcoming competition.

Commissioner Mueller stated that it is not a one-for-one match just using these numbers, because if you take 25 percent of two years of Affordables, they are talking about carving 100 units out of that project; 75 of them will be affordable and deed restricted, and 25 would be Open/Market. He added that now it is 25 units that are coming out of the Open/Market, so if you only have 90 Downtown, you are giving up 25 Affordable units and only doing 18 units Downtown. Commissioner Mueller further stated that on top of that, 18 units Downtown are probably going to be median income “For Sale” versus low, and very low, and “For Rent” has gone away, because with the 100 percent Affordable you are not getting median units.

Chair Lyle said the issue is more the deed restriction to him and the General Plan problem.

Commissioner Mueller commented that Council fell in love with one applicant and they are saying make it happen for this year. He then indicated that this year is a special case, so if they want to “hand-wave” the General Plan and fix the percentages so that the number of units workout, then the Commission let that one do it, but as a general policy going forward, it takes a lot more thought on how to do this and what the implication is on an Open/Market competition, so the Commission will need to revisit this issue.

CDD Molloy Previsich inquired how this relates to the second item of exempting Downtown projects from providing BMR units when we are scoring future applications say, three years from now; and how will we know when to award 10 points if they are not proposing to deed restrict the Downtown units, but they are simply stating that 75 percent of them are moderate and 25 percent are median?

PM Rowe stated the difference is where the set aside comes from. He advised that this is the set aside for the Downtown projects and this could be above moderate, but to garner points they would have to be affordable in these ranges that come out of essentially the market rate set aside, versus the 20 percent affordable set aside.

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CDD Molloy Previsich added that the difficulty is that we know that there is actually some blending and some crossover, so do we want to simply declare that is our expectation, and the numbers are going to reflect that, or not, or use some other mechanism?

Commissioner Acevedo commented that he understands what Commissioner Mueller is saying, but where it says Action Item 1i-I, he thinks he would like to see what happens in the first few years before he starts to go further down that road with regard to the General Plan, and as CDD Molloy Previsich is saying, that just by declaring what you are going to sell it for will define what it is and the future will say if it stays that way. He also stated that he thinks they may have a conflict anyway because there is part of the General Plan that says you should not concentrate your type of low-income housing in any given area, and if you look where most of our concentrated low-income housing is, it is in the Downtown vicinity. Commissioner Acevedo noted that Council Member Sellers said, he thinks we have enough Downtown and that the Commission could probably make an argument that there is enough there, and therefore, bypass the Downtown within the future. In other words, finesse the General Plan.

Commissioner Mueller stated that based on what Council said, for this one competition for that one project, he thinks the General Plan should be finessed, but he also thinks the percentages have to be worked out so that they match the 25 units. Chair Lyle stated that he thinks it can be done if it's a two-year competition instead of one year.

Chair Lyle stated that he was not in agreement, however, **THE CONSENSUS BY THE COMMISSION WAS TO FINESSE THE GENERAL PLAN.**

At this time, PM Rowe reviewed the edits to Exhibit "A", the development schedule of the Development Agreement, of Resolution No. 05-35, and then recommended the Commission adopt said resolution after receiving public comments and closure of the public hearing.

Chair Lyle opened the public hearing.

Richard Oliver, commented that he appreciates the work that has been done by the Subcommittee and by staff and that he concurs with the changes being suggested in fine tuning Measure C, which he thinks are good. He stated that he had an observation, especially after listening to the prior discussion, that on page 51 regarding the "Award of allotments" provisions, that he had heard Commissioner Benich mention several times that it is his desire to see the unfinished projects somehow keep going without having to re-compete each year. Mr. Oliver commented that he thinks this last year that was allowed to happen with the Capriano project, so he thinks there was a kind of a policy decision set that those with 15 units would be allowed, and what his concern is that when they did this last allocation, because his two projects were the highest scoring projects, he was asked if he would not insist on getting all the units so some of the other projects could keep going, to which he agreed because he thought it was fair. Mr. Oliver continued by stating that as he looks at that, he just does not want that to come back to haunt him in the next couple of competitions, (especially his Mission Ranch project, as it has been going on for so many years) without some clarity of what the policy is, on competing or not competing in future years. He stated that he would be happy to compete, but he just does not understand, because of the number of projects that

were allotted this last year, if some of those will be considered on-going projects now and be entitled to the same benefits of getting 15 units, when in fact there might not be 15 units to allocate to all the on-going projects previously that has started. Mr. Oliver advised that there is work that needs to be done so that there is fairness and equity, so we know ahead of time, whether or not to compete in the competition. He closed his comments in stating that if when he comes before the Commission in a couple of years and say, "Can you 'finesse' the approval for Mission Ranch, he would appreciate it if they would!"

Chair Lyle closed the public hearing, as there was no one else wishing to address the Commission.

Commissioner Benich advised that he had prepared a summary sheet of the available points under each category of the RDCS standards and criteria. He stated that he brought up the subject of having a summary sheet at the joint meeting with the City Council and the idea was concurred by Major Kennedy and Council Member Carr.

IT WAS THE CONSENSUS OF THE COMMISSION TO INCLUDE COMMISSIONER BENICH'S SUMMARY SHEET OF THE AVAILABLE POINTS UNDER EACH CATEGORY OF THE RDCS STANDARDS AND CRITERIA IN THE ORDINANCE BEFORE THE SCHOOLS CATEGORY SECTION.

Chair Lyle stated that even though he was on the Subcommittee, that he was voting against this zoning amendment, and stated the reason being the Affordable housing issue. He further stated that he cannot in good conscience support it, and that he thinks the Commission has been too generous. Chair Lyle also stated that he thinks the Commission should probably make some other changes to the RDCS standards and criteria, based upon tonight's discussion, to encourage the parking issues to get resolved.

COMMISSIONERS MUELLER/BENICH MOTIONED TO APPROVE RESOLUTION NO. 05-35 FOR THE ZONING AMENDMENT APPLICATION, ZA-05-04, CITY OF MORGAN HILL-CHANGES TO THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM STANDARDS AND CRITERIA, WITH THE MODIFICATIONS AS FOLLOWS:

EXHIBIT "A":

PAGE 2, A UNDER THE PROCEDURES CHANGE WORDING TO READ "*NO LATER THAN IN* MAY OF EACH.....";

PAGE 9, SCHOOLS CATEGORY UNDER B.3, SUBSECTIONS A THRU C WERE ELIMINATED, SO ON PAGE 9, EDIT THE NOTE AT THE BOTTOM OF PAGE BY STRIKING "A-THRU-C";

PAGE 12, 2.B DEALING WITH BUILDING COVERAGE, STRIKEOUT 50 - <55; PAGE 17, CORRECT 2ND PARAGRAPH TO READ "...THE PROJECT WILL RECEIVE ~~ONE~~ TWO POINTS.....";

PAGE 19, B.2.F NOTE, STRIKEOUT "SECTION B.3 A-THRU-C IN THE CE CATEGORY."; AND

PAGE 26, 4.B, ADD "OR" BETWEEN 4.B.I AND 4.B.II.

THE MOTION PASSED BY A VOTE OF 4-1-1, AS FOLLOWS: AYES: ACEVEDO, BENICH, KOPPE-BAKER, MUELLER; NOES: LYLE: ABSTAIN:

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NONE; ABSENT: ESCOBAR.

OTHER BUSINESS:

**5) CITY
COUNCIL
ETHICS POLICY**

The Council is requesting that the Planning Commission review and comment on the recently adopted ethics policy. Comments from the Commission will be reported to the Council for consideration in July.

PM Rowe gave the staff report, advising that Commissioner Escobar had participated on the committee that the City Council formed to revise and update the City's Ethics Policy. He provided the background information on the committee's process in developing the policy. PM Rowe then stated that the City Council requested each of the City's Commissions, Advisory Boards and Committees to review and comment on the draft Ethics Policy adopted by the City Council on April 20, 2005.

Commissioner Benich felt that he already conducts himself in an ethical manner and didn't like the Council adopted Ethics Policy.

Commissioner Mueller felt that the core values stated in the policy should include diversity. The policy should encourage a diversity of opinions to be expressed during public debate and discussion. Commissioner Mueller also expressed disappointment that the Commission was asked to comment on the Ethics Policy after the policy had already been adopted by the City Council.

Commissioner Lyle observed that the core values in the Ethics Policy are more of a code of conduct, rather than statements of ethical behavior.

**6) SUMMER
MEETING
SCHEDULE**

BY CONSENSUS, THE COMMISSION AGREED TO CANCEL THE AUGUST 23, 2005 MEETING.

ANNOUNCEMENTS:

PM Rowe gave a status report on the Safeway landscaping and directional signs. He stated that the landscaping has been completed. Staff is working on ironing out a few details on the sign program.

ADJOURNMENT:

Chair Lyle adjourned the meeting of the Commission at 10:30 p.m.

MINUTES RECORDED BY:

Frances O. Smith, Deputy City Clerk